

Minutes

County Road Administration Board

October 28-29, 2010

CRAB Office – Olympia, Washington

Members Present: Dean Burton, Garfield County Commissioner, Chair
 Brian Stacy, PE, Pierce County Engineer, Vice-Chair
 *Marc Boldt, Clark County Commissioner, Second Vice-Chair
 Doug Mattoon, Asotin County Commissioner
 Ray Thayer, Klickitat County Commissioner
 Dale Snyder, Douglas County Commissioner
 Andrew Woods, PE, Columbia County Engineer
 *Derek Pohle, PE, Grant County Engineer

Members Absent: John Koster, Snohomish County Councilmember

Staff Present: Jay Weber, Executive Director
 Walt Olsen, Deputy Director
 Steve Hillesland, Assistant Director
 Larry Pearson, Maintenance Programs Manager
 Randy Hart, Grant Programs Manager
 Bob Moorhead, Compliance and Data Analysis Manager
 Rhonda Mayner, Secretary
 *Karen Pendleton, Executive Assistant
 **Jim Ayres, Design Systems Engineer
 **Bob Davis, Systems Manager
 **Jim Oyler, Support Specialist
 **Eric Hagenlock, Applications Specialist
 **Kathy O'Shea, Database Specialist

Guests: *Gary Rowe, WSACE Managing Director
 *Pete Ringen, PE, Wahkiakum County Engineer/Director
 *Gary Predoehl, Manager-Trans & Planning, Pierce County
 *Reid Wheeler, former CRAB staff

*(*October 28, 2010 only)*

*(**October 29, 2010 only)*

CALL TO ORDER

Chair Burton called the County Road Administration Board quarterly meeting to order at 1:00 pm on Thursday, October 28, 2010, at the CRAB Office in Olympia.

He asked everyone to introduce themselves, reminded those present to silence their cell phones, and asked guests to sign in.

CHAIR'S REPORT

Approve Agenda for the October 28-29, 2010 Meeting

Commissioner Snyder moved and Mr. Pohle seconded to approve the agenda as presented. **Motion passed unanimously.**

Approve Minutes of July CRABoard Meeting

Vice-Chair Stacy moved and Second Vice-Chair Boldt seconded to approve the minutes of the July 28-29, 2010 CRABoard meeting as presented. **Motion passed unanimously.**

WSACE PRESENTATION

Mr. Rowe thanked the Board for inviting members of WSACE to participate in drafting changes to the WACs concerning the Rural Arterial Program. He briefly outlined the counties' needs for funding of road maintenance, bridges, ferries, safety and other issues. He reported on work by the Governor's Committee on Transforming Washington's Budget. He noted that a transportation partnership between WSAC and other agencies has been formed and is studying ways to obtain transportation funding.

DIRECTOR'S REPORT

Director's Activities

Mr. Weber reported on his recent activities within the counties. He noted that he made a visit to Okanogan County to inspect flood damage to local access roads. He has been assisting TIB in their process of hiring a new director, and reported that they are currently accepting and reviewing resumes for the position.

JTC Study Update

Mr. Weber reported that the focus of the study appears to be on synergy among the transportation agencies. He noted that it addresses the factors such as project staging that can cause payout for programs like RAP to lag behind revenue. He stated that he has found the report to be encouraging and objective, and thanked Mr. Rowe for his involvement in the study.

2011 Meeting Schedule

Mr. Weber presented staff's recommendations for the 2011 CRABoard meeting schedule.

Following discussion, Second Vice-Chair Boldt moved and Vice-Chair Stacy

seconded to approve the 2011 CRABoard Meeting schedule. **Motion passed unanimously.**

Approve Annual Certification Form

Mr. Weber noted that there are no changes to this year's form aside from the usual date changes.

Commissioner Snyder moved and Commissioner Mattoon seconded to approve the 2010 Annual Certification Form. **Motion passed unanimously.**

Wahkiakum County Request

Mr. Weber presented a letter from the Wahkiakum County Board of County Commissioners requesting that the CRABoard consider an administrative code amendment to allow consideration of capital ferry program requests prior to 2013. Mr. Ringen presented background information on the request. The CRABoard asked Mr. Ringen to compile further information and submit it to staff prior to the January 2011 CRABoard meeting. Chair Burton directed staff to meet with the Attorney General to explore the possibility of an emergency WAC provision involving matching fund grants versus loans for ferry projects.

Chair Burton called for a brief recess.

BUDGET REPORT

2009-11 Current Budget Status

Mr. Weber noted a positive variance across all three funds projected for the end of the biennium.

2011-13 Budget Submittal

Mr. Weber informed the Board that the 2011-13 budget request of \$94 million has been submitted to the Office of Financial Management. He noted that there is a new line which itemizes \$5 million in expenditures for emergency capital advancements under the RAP program.

RURAL ARTERIAL PROGRAM

Programs Status Report

Mr. Hart reviewed the RAP status report. There are 117 projects currently being funded. CRAB has total anticipated revenue of \$492,387,071 through the 2011-13 biennium. \$402,879,419 has been expended to date. There are outstanding obligations of \$144,161,000.

Resolution 2010-010 – Apportion RATA Funds to Regions

Mr. Hart presented Resolution 2010-010 – Apportion RATA Funds to Regions,

which approves that \$4,981,617 now credited to RATA be apportioned to the regions by the established 2009-2011 biennium regional percentages after setting aside \$111,750 for administration.

Mr. Pohle moved and Vice-Chair Stacy seconded to approve Resolution 2010-010, Apportion RATA Funds to Regions. **Motion carried unanimously.**

Pierce County Project Request

Mr. Hart noted that Pierce County has requested a scope increase for the Crystal Mountain Boulevard project, increasing the project length from MP 0.00–3.25 to MP 0.00–6.10.

Mr. Stacy recused himself from discussion and voting on the request.

Mr. Hart introduced Mr. Predoehl.

Mr. Hart reported that due to serious slide conditions at milepost 1.00 to 1.35, in May of 2008 the county gained \$500,000 in funding from Western Federal Lands, a part of the Federal Highway Administration (FHWA), via the Forest Highway Program for repairs and preventative measures. This work is well beyond the scope of the RAP prospectus and will be incorporated in the total project.

On April 16, 2009, the CRABoard approved an initial \$ 1,741,628 in RATA funding for Crystal Mountain Boulevard, milepost 0.00 – 3.25. Additional RATA funding of \$720,402 was allocated at the March 26, 2010 CRABoard meeting. This brings the total funding to \$2,462,030 of the \$4,200,000 requested by the county. The remaining \$1,737,970 may be allocated to the project in 2013, depending on RAP balance, estimated revenue and spending authority.

In March of 2010 the county also gained Forest Highway Program funding of Crystal Mountain Boulevard for the entire length, mileposts 0.00 to 6.10. In its application, the county noted it would be providing a potential \$4,200,000 to the project through the RAP. The construction phase is currently estimated at \$10,997,000 and may change as the project scope is developed in cooperation with Western Federal Lands. The final scope will meet or exceed the scope of the RAP prospectus. The county requests the limits of the RAP funded project be extended to the full length of the road, milepost 0.00 to 6.10, since these are the limits of the federal funding as well as the eventual construction project.

Mr. Hart noted that CRAB staff has reviewed the project site and the scope change request. Per the original submittal, the project gained 32.08 rating points based on traffic volume, traffic accidents structural condition, local significance and roadside safety hazards. With the additional length, the traffic accident points increase since there were additional accidents occurring in the

upper section. These additional accidents increase the rating points to 33.88. Staff finds the project would still have been funded on the current array at the proposed scope which extends the limits of the RAP project to 6.10. Also, the county is obligated to accomplish the original scope of work as specified in the RAP prospectus, and the county has assured staff that this scope will still be met with the additional length and funding. Therefore, staff recommends approval of this request, extending the end milepost for RAP project 2709-01 to 6.10.

Following discussion and questions, Commissioner Mattoon moved and Second Vice-Chair Boldt seconded to approve Pierce County's request for a scope increase for the Crystal Mountain Boulevard project, increasing the project length from MP 0.00–3.25 to MP 0.00–6.10. **Motion passed unanimously, with Mr. Stacy recused.**

PROPOSED WAC CHANGES – RURAL ARTERIAL PROGRAM

Mr. Hart presented the proposed changes to the Board. He noted that the final proposal was arrived at with the input of the WSACE AdHoc Committee.

Following questions and discussions, Commissioner Mattoon moved and Vice-Chair Stacy seconded to set a public hearing on January 27, 2011 at 2:00 pm in the CRAB offices. **Motion passed unanimously.**

DEPUTY DIRECTOR'S REPORT

County Engineers/Public Works Directors

Mr. Olsen announced the following change:

By letter on August 23, 2010, Skagit County announced that Rob McGaughey, PE, was released as County Engineer, effective August 17, 2010. The licensed engineering duties of the County Engineer are temporarily vested in Engineering Services Manager Paul Randall-Grutter, until new Public Works Director Henry Hash can be licensed by comity from California.

County Visits

County Visits completed since July 2010:

- Lewis County
- Mason County

Numerous contacts with County Engineers took place in other venues.

State Auditor's Report

The 1997 State Auditor Office (SAO) audit of CRAB concluded that the minutes of the Board meetings needed specific mention of SAO audits of the counties

and of any findings that might relate to the statutory responsibilities of CRAB. The minutes also need to reflect any recommendations from the CRABoard to staff in response to the audits. This report details our staff procedures to satisfy the SAO.

CRAB has reviewed ***45*** audit reports representing ***37*** counties since the July 2010 board meeting. **Any audits, with county name in bold print, revealed substantive findings involving County Road Funds**, specifically:

2009 Audits

1. Clark County: SAO # 1004050 & 1004051, issued on August 16, 2010, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
2. Chelan County: SAO # 1004062 & 1004063, issued on August 23, 2010, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, updated two previous findings, and issued two new findings, none involving County Road Funds.
3. Ferry County: SAO # 1004078, issued on August 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
4. Lincoln County: SAO # 1004083, issued on August 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
5. Pierce County: SAO # 1004114, issued on September 7, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
6. Thurston County: SAO # 1004120, issued on September 7, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Accountability Audit, updated no previous findings, and issued no new findings.

7. Asotin County: SAO # 1004184, issued on September 13, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
8. Columbia County: SAO # 1004185, issued on September 13, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
9. Jefferson County: SAO # 1004075, issued on September 13, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued no new findings, none involving County Road Funds.
10. Klickitat County: SAO # 1004192 & 1004193, issued on September 13, 2010, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
11. Snohomish County: SAO # 1004181, issued on September 13, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
12. **Cowlitz County: SAO # 1004233 & 1004454, issued on September 20, 2010 & October 18, 2010**, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, **updated two previous findings (one involving County Road Funds - Fully Resolved)**, and issued no new findings.
13. Grays Harbor County: SAO # 1004221, issued on September 20, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued one new finding, none involving County Road Funds.
14. Pend Oreille County: SAO # 1004286 & 1004194, issued on September 20, 2010, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, updated two previous findings, none involving County Road Funds, and issued no new findings.
15. Skamania County: SAO # 1004234, issued on September 20, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered

the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.

16. **Spokane County: SAO # 1004183, issued on September 20, 2010**, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, **updated one previous finding (one involving County Road Funds- Fully Resolved)**, and issued no new findings.
17. Benton County: SAO # 1004302, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
18. Island County: SAO # 1004305 & 1004306, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, updated one previous finding, and issued two new findings, none involving County Road Funds.
19. Kittitas County: SAO # 1004301, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued one new finding, none involving County Road Funds.
20. **Lewis County: SAO # 1004271 & 1004272, issued on September 27, 2010**, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, **updated one previous findings (one involving County Road Funds- Fully Resolved)**, and issued no new findings.
21. **Pacific County: SAO # 1004292, issued on September 27, 2010**, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, **updated one previous findings (one involving County Road Funds- Fully Resolved)**, and issued no new findings.
22. San Juan County: SAO # 1004293, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued one new finding, none involving County Road Funds.
23. Skagit County: SAO # 1004270, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated three previous finding, and issued three new findings, none involving County Road Funds.

24. Stevens County: SAO # 1004294, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
25. Wahkiakum County: SAO # 1004263, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
26. Whatcom County: SAO # 1004289 & 1004463, issued on September 27, 2010 & October 18, 2010, covering the period from January 1, 2009 to December 31, 2009. These reports covered the Accountability and the Financial / Federal Single Audit, updated two previous finding, and issued no new findings, none involving County Road Funds.
27. Yakima County: SAO # 1004312, issued on September 27, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued two new finding, none involving County Road Funds.
28. Clallam County: SAO # 1004371, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued no new finding, none involving County Road Funds.
29. Douglas County: SAO # 1004364, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
30. Franklin County: SAO # 1004328, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued no new finding, none involving County Road Funds.
31. Garfield County: SAO # 1004368, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.
32. Grant County: SAO # 1004334, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the

Financial / Federal Single Audit, updated three previous finding, and issued no new finding, none involving County Road Funds.

33. **King County: SAO # 1004330, issued on September 30, 2010**, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, **updated eight previous findings (one involving County Road Funds- Fully Resolved), and issued eight new findings, one involving County Road Funds.**

"The County does not perform a final accounting for the County's capital asset projects in a timely manner. The County does not have a policy that states at what point a project will be moved from the Work in Progress (WIP) account to the appropriate capital asset account. Currently, projects are moved at the discretion of employees. Also, the County's financial or accounting management does not monitor this process.

The County does not have an adequate reconciliation process over escrow accounts to ensure all funds are accounted for. The County reported only the 2009 additions to escrow accounts on the Statement of Fiduciary Net Assets rather than the ending account balances in accordance with accounting standards. County employees were unsure which balances to report. Additionally, the initial list of escrow accounts the County provided did not include 12 accounts. Further, we were unable to confirm six accounts because the banks indicated the accounts had been closed. One account of \$10,665 was omitted because the County mistakenly thought the account was closed. We determined another account's actual balance was \$882,935 more than the County's recorded balance because other entities made deposits into the account without the County's knowledge. Funds held in escrow for King County projects should be maintained separately from all other funds.

The county is addressing escrow accounts with a new escrow agreement and reviewing accounting procedures to assure all accounts are reported correctly and disclosed to the auditor upon request.

The county is addressing fixed asset capitalization for general government assets with revised accounting review procedures. This has been a low priority item in past years because the county believes a material misstatement in fixed assets to be a remote possibility."

From Paulette Norman, King County Road Engineer:

"I understand that you were asking about an audit finding for the attached 2009 audit report. Finding #7 (pgs. 35-44) is "on" central finance I believe is the finding you were asking about. On page 36, the final accounting for

capital asset projects and WIP is discussed. This does not refer to infrastructure and Roads does not use WIP. In the next bullet, Escrow accounts are also mentioned. Roads' directs central Finance on placing escrow dollars, but is not responsible for reconciling the accounts. Also, see page 42 for County comments. There isn't a finding on Roads."

34. Kitsap County: SAO # 1004318, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and issued no new finding, none involving County Road Funds.
35. **Mason County: SAO # 1004382, issued on September 30, 2010**, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated one previous finding, and **issued one new finding, involving County Road Funds.**

"The County does not have appropriate policies and procedures to ensure the appropriate addition of capital assets to the accounting records. As a result, we noted inconsistencies in how capital assets were accounted for by the Public Works and Utility departments, and a lack of adequate communication between the departments and the Finance Department. In addition, employees responsible for coding the expenditures do not have the necessary policy guidelines and training in accounting principles. Finally, the County's procedures related to capital asset additions do not include adequate monitoring to ensure that all amounts are recorded correctly.

The Roads Fund reported \$1,539,175 in Note 6 of the financial statements as a depreciable capital asset rather than in the non-depreciable capital asset category of Construction in Progress. This change did not result in a monetary misstatement of funds in the 2009 financial statements. However, this would have resulted in an overstatement of depreciation expenses in the 2010 financial statements.

The County staff was provided training on Capital Asset Management by the State Auditor's Office. Public Works and Utilities Departments will establish a steering committee to create capitalization policies for the County based on the guide issued by the Government Financial Officers Association titled "Accounting for Capital Assets." Staff applying the policies will be trained once the policies are approved."

36. Okanogan County: SAO # 1004347, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered

the Financial / Federal Single Audit, updated two previous finding, and issued one new finding, none involving County Road Funds.

37. Walla Walla County: SAO # 1004370, issued on September 30, 2010, covering the period from January 1, 2009 to December 31, 2009. This report covered the Financial / Federal Single Audit, updated no previous findings, and issued no new findings.

Deputy Director's Activities

Mr. Olsen reported on his activities since the July meeting.

Chair Burton recessed the meeting at 4:32 pm on October 28, 2010. The CRABoard meeting will resume October 29, 2010 at 8:30 am.

**County Road Administration Board
Friday, October 29, 2010**

CALL TO ORDER

The second day of the fall CRABoard meeting was called to order by Chair Burton at 8:34 am on October 29, 2010.

STAFF UPDATES

Compliance and Data Analysis

Mr. Moorhead reported on his recent activities. He noted that as of September 30th, 29 of 39 counties are in compliance for 2006 through 2010 year to date; 7 of 39 are in compliance for 2006-2009; and 3 of 39 are not yet in compliance for three of the five years. Counties have until December 31, 2010, to reach the 90% performance measure.

He also noted that The Standards of Good Practice require CRAB to maintain current file copies of five specific policies for each county. In July, we had current copies of all five policies on file for just two counties. Since July, eleven counties have provided all the needed updates, and five counties have submitted one or more updates. Staff is still working with 21 counties to bring our files current. Assistance has been provided to several counties in their efforts to update outdated policies.

Intergovernmental Management

Mr. Moorhead noted that Mr. Monsen was on vacation, and presented Mr. Monsen's quarterly report of his activities, including work on the update of the County Engineer and Public Works Director's Desk Manual.

Maintenance Management

Mr. Pearson reported that many counties are improving their maintenance reporting and record keeping. He updated the Board on his work with the Spokane County Commissioners in reviewing their maintenance work plan. He noted that the final report for Spokane County should be available in December and will be presented to the CRABoard at the January 2011 meeting.

INFORMATION SERVICES UPDATES

2010 Road Design Conference

Mr. Ayres briefed the Board on the presentations scheduled for the 21st Annual Road Design Conference, to be held November 2-4, 2010 in Wenatchee.

Mobility Map Viewer

Mr. Hagenlock and Mr. Oyler gave a presentation on the progress of the Mobility Map Viewer, which enables Road Log users to view their data in map format as well as in text and table form. The latest Mobility update, including the map viewer, will be released in November.

OTHER BUSINESS

Commissioner Mattoon reported that he is retiring from public service at the end of the year, and thanked the Board and staff for an enjoyable experience over the last six years.

Mr. Weber and Chair Burton thanked Commissioner Mattoon for his service to the Board.

Meeting adjourned by Chair Burton at 9:58 am.

Chairman

ATTEST: _____